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16: ACTION: NEA-11

INFO: OCT-01: CTAE-00: PM-06: H-02: INR-06: L-03: NSC-10: P-03:

RSC+01 PRS+01 SS+14/ USIA-12: NSA-05: AID-20: MC+02: COM-08

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CONTRACTOR STATE

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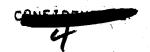
COUNTRY TEAM MESSAGE

DEFIFOR ISA, STATE FOR NEWLIRNS COAFFEOR AFBMS, DA FOR DCSLOG, CNOFFOR OF-68, STRIKE FOR STRUT

SUBUECT: GOT REQUEST FOR FMS PURCHASE

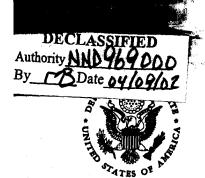
SUMMARY: ONE SHAHESE DIRECT INSTRUCTIONS GOT RECENTLY REAFFIRMED THAT IT WISHES ALLEMAJOR MILLITARY WEAPONS AND SYSTEMS TO BE PROCURED THROUGH FMS PROCEDURES INCLUDING POSSIBLE PROCUREMENT ACTION INCREASE FUTURE FOR TOW AND IMPROVED HAWK SYSTEMS AND FMSE AIRCRAFT. GOT HAS FORMALLY REQUESTED THAT USG AGREE AS MAITER POLICY TO

ACCEPT PROCUREMENT OF MAJOR END ITEMS THROUGH FMS. COUNTRY TEAM STRONGLY URGES THAT GOT REQUEST BELACCEPTED AS:
DEPENDABLE ASSURANCES TO GOT OF FMS AVAILABILITY WOULD:
(A) HE REMOVE UNCERTAINTIES AND MISUNDERSTANDINGS WHICH IN PAST HAVE TROUBLED GOT DEALINGS WITHHUS FRRMS: (B)
MATERIALLY ASSIST GOT DURING PERIOD OF DEVELOPMENT OF ADEQUATE IN HOUSE PROCUREMENT CAPABILITY: (C) PROOF!
CONTINUED PURCHASES OF US EQUIPMENT OVER THERD COUNTRY



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COMPETITION TO BENEFIT OF GOT AND USG ALTRE END SUMMARY.

T. FOLLOWING IS VERBATIM REPEAT OF LETTER RECEIVED 7 AUG 71 FROM LITS TOUFANTAND DEPUTY MINISTER OF WAR FOR ARMAMENTS WHO WE UNDERSTAND WAS ACTING ON DIRECT INSTRUCTIONS OF SHAME

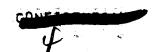
QUOTE: DEAR GENERAL TWITCHELLS

I . THE PURPOSE OF THIS: LETTER ISCTO CONFIRM OUR PREVIOUS DISCUSSIONS WHEREIN I EXPLAINED THAT IT IS THE DESTRE OF THE GOVERNMENT OF IRAN TO PURCHASE ITS US DEFENSE SYSTEMS AND EQUIPMENT THROUGH, FMS PROCEDURES.

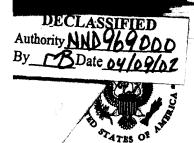
2% THE FOREIGN PURCHASE AND ORDERS DEPARTMENT HAS:
ENGAGED IN DISCUSSIONS WITH US CONTRACTORS ON A NUMBER
OF OCCASIONS WE HAVE VIEWED THESE DISCUSSIONS AS
A METHOD OF GATHERING INFORMATION IN SOME INSTANCES.
THESE DISCUSSIONS HAVE BEEN MISINTERPRETED AS NEGOTIATIONS
BY US CONTRACTORS, WHICH HAVE LED TO MISUNDERSTANDINGS.
IT IS OUR DESIRE TO AVOID MISUNDERSTANDINGS IN THE FUTURE.

3. ADDITIONALLY, THE PROCUREMENT CAPABILITY OF THE ITA, WHILE BEING INCREASED, HAS NOT FULLY DEVELOPED, AND EXPERIENCE IN NEGOTIATION OF COMPLEX SYSTEMS TO INCLUDE ALL IMPORTANT FEATURES SUCH AS SPARES, SUPPORT TECHNICAL REQUIREMENTS, AND MAINTENANCE AND SUPPLY FACTORS IS STILL LIMITED. IT WILL BE SOME TIME BEFORE THE ITA FULLY POSSESSES THE NECESSARY ORGANIZATIONAL SKILLS TO NEGOTIATE COMPLEX PROCUREMENTS WITH ASSURBANCE OF FAIR AND REASONABLE PRICES AND KNOWLEDGE THAT ALL EQUPMENT SPECIFICATIONS AND SUPPORT REQUIRES MENTS HAVE BEEN CONSIDERED.

4. AS: A RESULT OF THE ABOVED THE GOVERNMENT OF IRAN REQUESTS THAT PROCUREMENT FROM THE US OF ALL MAJOR WEAPONS/DEFENSE SYSTEMS, MAJOR EQUIPMENTS, AND RELATED CONTRACTOR SUPPORT SERVICES BE EFFECTED THROUGH FMS PROCEDURES. IF THE GOVERNMENT OF IRAN COULD BE ASSURED THAT THE US GOVERNMENT WOULD AS A MATTER OF POLICY ACCEPT SUCH REQUESTS TO CONTRACT VIA FMS. IT



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ACQUISITION: AND INEDEALING WITH USEFIRMS. INETHIS

REGARD: THREE SYSTEMS ARE BEING CONSIDERED FOR PROCURE.

MENT AT THIS TIME TOW MISSILE. IMPROVED HAWK AND

ENSE: AIRCRAFT. REPRESENTATIVES OF THE RESPECTIVE

FIRMS: HAVE BEEN INFORMED OF OUR DESTRES TO UTILIZE FMS:

PROCEDURES IN THE EVENT WE PURCHASE THESE WEAPONS SYSTEMS.

YOU WILL BE ADVISED OF OUR INTENT TO PURCHASE AS SOON

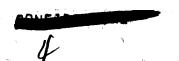
AS: THE REQUIREMENTS ARE FIRM. I WILL NOTIFY YOU OF

OTHER SYSTEMS. EQUIPMENTS TO BE PROCURED AS SOON AS THEY

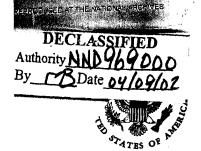
ARE INDENTIFIED.

5% PLEASE ADVISE ME OF YOUR GOVERNMENT'S POSITION IN THIS MATTER. SIGNED LITGER TOUFANTANG UNQUOTES

2% IRANIANS ARECTAKING CACTIONS TO DEVELOP EFFECTIVE PROCUREMENT ORGANIZATION: INCLUDING REORGANIZATION FOR THEIR CENTRAL PROCUREMENT ACTIVITY AND AUGMENTATION OF SKILLED PERSONNEL IT WILL BE SOME TIME HOWEVER BEFORE GOT PHAS: THEE EXPERTENCE! AND! CAPABILITY' TO DEAL! ADEQUATELY WITHEMAJOREANDECOMPLEXECONFRACTSCOFF THISCKIINDS -- GOI (HASE ATTEMPREDI SOME MAJOREDIRECT PROCUREMENTS FROM US FIRMS WHICH ĬT^{*}BELŒEVES: TURNEĎ::OÚŤŢTO! BE! ÚNSMTÍSFMC®ORY`BECMUSE! OF: ITS LACK OF EXPERTISES THESE EXPERIENCES HAVE INFOME CASES LEFT A RESIDUE: OFFFEELING THAT IS NOT HELPFULL TO AMERICAN CONT-IN DIRECT DISCUSSIONS BETWEEN GOT AND US FIRMS WELLAVE NOT BEEN ABLE TO GIVE ADEQUATE ADVICE IN DIRECT NEGOTIATIONS. ALITAOUGHETHEISHAHILLOOKSETOEARMISHVMAAGEFOREPRECISELIYETHISE ŘÍNĎI OFFADVICE: INFVĚEW ÖFFPASÉ EXPERIENCE ANDFAVOWEDLLACK! OF EXPERTISE SHADE FEELS! THAT FOR THE PRESENT AT LEAST SUSGE PROCUREMENT ORGANIZAŤÍON: AND EKPERTISE: OFFERS: ONLY RELEABLE: ASSURANCEHOFHQUALETY*ITEMSHATHEATREPRICESHINEPURCHASESHEROM US'



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COM-08 IGA-02 TRSE-00 TRSY-11 RSR-01 /130 W 031306

R: 110801Z. AUG: 71 FM: AMEMBASSY TEHRAN: TO: SECSTATE WASHDC: 5346: SECDEF: INFO: CSAF: DA CNO: CINCSTRIKE

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3. AVAILABILITY OF FMS: PURCHASE PROCEDURES WILL STRONGLY SUPPORT CONTINUED PURCHASES BY GOT OF US MILITARY EQUIPMENT IN LIEU OF THIRD COUNTRY. WE HAVE BEEN SO INFORMED BY GOT OFFICIALS AND HAVE SEEN SPECIFIC CASES OF GOT CONTRACTING WITH THIRD COUNTRY SOURCES ONCE FMS: ROUTE HAS BEEN TURNED DOWN. CONTINUED US SUPPLY OF TRANSANIAN ARMED FORCES AND MINIMIZATION OF THIRD COUNTRY INFLUENCE WILL HAVE IMPORTANT BENEFITS BOTH FOR COMBAT EFFECTIVENESS OF TIA AND FURTHERENCE OF US INTERESTS. FMS: AUTHORIZATION: FOR GOT PURCHASES WOULD BE AN IMPORTANT AID IN SUPPORT OF THESE, GOALS.

4. COUNTRY TEAM STRONGLY RECOMMENDS: THAT GOT BE PERMITTED TO PURCHASE MAJOR WEAPONS/DEFENSE SYSTEMS THROUGH FMS. AS. MATTER OF POLICY. THEREBY AVOIDING CASE BY CASE DETERMINATIONS WHICH HAVE OFTEH PROVED SENSITIVE, AND LENGTHY. ONE ROUTE WHICH APPEARS PARTICULARLY PROMISING AND TO WHICH WE STRONGLY RECOMMEND CONSIDERATION BE GIVEN IS GOVERNMENT AGREEMENT SUCH AS WE UNDERSTAND EXISTS BETWEEN THE USG. AND FRG. WHICH WOULD STIPULATE GOT DESTRES WITH REGARD TO FMS PURCHASE PER QUOTED LETTER AND USG WILLINGNESS TO ACCEPT FMS: REQUESTS. GP#3.

